

Powell Jackson Hole Speech Summary

August 23, 2024



This is a summary of Chairman Jerome Powell's August 23, 2024, speech at the annual economic symposium sponsored by the Federal Reserve Bank of Kansas City, Jackson Hole, Wyoming.

CURRENT STATUS

A. DUAL MANDATE

The Federal Open Market Committee's (FOMC) objective has been to restore price stability while maintaining a strong labor market and avoiding the sharp increases in unemployment.

B. PRICE STABILITY (INFLATION)

Inflation has declined significantly, and supply constraints have normalized.

C. FULL EMPLOYMENT

The labor market is no longer overheated, and conditions are now less tight than those that prevailed before the pandemic.

D. STATUS

While the **task is not complete**, a good deal of progress toward that outcome has been made.

E. RATES

The current level of policy rate provides **ample room to respond** to any risks, including the risk of unwelcome further weakening in labor market conditions.

RECENT HISTORY

A. INFLATION

Inflation ran well above our 2 percent goal and the FOMC's primary focus has been on bringing down inflation.

B. FULL EMPLOYMENT

Labor market conditions were extremely tight. Today, the labor market has cooled considerably from its formerly overheated state. The unemployment rate began to rise and is now at 4.3 percent—still low by historical standards. The cooling in labor market conditions is unmistakable but has not been the result of elevated layoffs, which is more associated with an economic slowdown. The increase mainly reflects a substantial increase in the supply of workers and a slowdown from the previously frantic pace of hiring. Job vacancies and hiring and quits rates have all returned to pre-pandemic range.

C. MONETARY POLICY

Restrictive monetary policy helped:

- restore balance between aggregate supply and demand,
- easing inflationary pressures, and
- ensuring that inflation expectations remained well anchored.

NEAR-TERM POLICY OUTLOOK

- A. The **economy** continues to grow at a **solid** pace.
- B. **Confidence has grown** that inflation is on a sustainable path back to 2 percent. The upside risks to inflation have diminished.
- C. It seems unlikely that the labor market will be a source of elevated inflationary pressures anytime soon. But downside risks to employment have increased and the FOMC **does not seek** or welcome further cooling in labor market conditions.
- D. **The time has come for policy to adjust.** The direction of travel is clear, and the timing and pace of rate cuts will depend on
 - incoming data,
 - the evolving outlook, and
 - the balance of risks.

THE FUTURE IS UNCERTAIN

The healing from pandemic distortions, FOMC's efforts to moderate aggregate demand, and the anchoring of expectations have worked together to put inflation on what increasingly is a sustainable path to our 2 percent objective.

The limits of knowledge—so clearly evident during the pandemic—demand humility and a questioning spirit focused on learning lessons from the past and applying them flexibly to the current challenges.

<https://www.federalreserve.gov/newsevents/speech/powell20240823a.htm>